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## **7.0 REGULATORY IMPACT REVIEW**

The Regulatory Impact Review (RIR) is conducted to comply with Executive Order 12866 (E.O. 12866) and provides analyses of the economic benefits and costs of each alternative to the nation and the fishery as a whole. Certain elements required in an RIR are also required as part of an environmental impact statement (EIS). Thus, this section should be considered only part of the RIR; the rest of the RIR can be found throughout this document.

### **7.1 Description of the Management Objectives**

Please see Chapter 1 for a description of the management objectives associated with these management actions.

### **7.2 Description of the Fishery**

Please see Chapter 3 for a description of the fisheries that could be affected by these management actions.

### **7.3 Statement of the Problem**

Please see Chapter 1 for a description of the problem and need for these management actions.

### **7.4 Description of Each Alternative**

Please see Chapter 2 for a summary of each alternative and Chapter 4 for a complete description of each alternative and its expected ecological, social, and economic impacts. Chapters 6 and 8 provide additional information related to the economic impacts of the alternatives.

## 7.5 Economic Analysis of Expected Effects of Each Alternative Relative to the Baseline

**Table 7.1** Net Economic Benefits and Costs of Alternatives

Alternatives	Net Economic Benefits	Net Economic Costs
Alternative Suite 1 No Action	Maintains current economic activity associated with shark landing levels in the short term.	<p>In the long term, there would be economic costs associated with continued overfishing of sandbar sharks, including population decline and associated reduced revenue from landings.</p> <p>Current quota levels for the LCS complex would also result in costs associated with negative ecological impacts on dusky sharks.</p> <p>Continued fishing of porbeagle sharks could result in costs associated with potential ecological impacts on this species.</p>

Alternatives	Net Economic Benefits	Net Economic Costs
Alternative Suite 2 Limited shark fishery for directed permit holders only.	<p>There would be unquantified economic benefits to the public associated with reducing the landings and discards of overfished shark species including sandbar, dusky, and porbeagle sharks as well as ecological benefits to non-sandbar LCS complex.</p> <p>Potentially longer seasons might improve the efficiency of domestic shark markets.</p> <p>Improved quota tracking resulting from the increased dealer reporting frequency may help to avoid market disruptions associated with quota overharvests.</p>	<p>There would be an estimated reduction of \$2,798,557 in gross revenues from sandbar and non-sandbar LCS resulting from the proposed quota reductions.</p> <p>Prohibiting the retention of sandbar sharks on pelagic longline gear would potentially reduce gross revenues by \$106,802.</p> <p>Reducing the retention limit to 8 sandbar/trip and 21 LCS other/trip may reduce the profitability of each trip. In addition, prohibiting the retention of sandbar and non-sandbar LCS by incidental permit holders, could also reduce the profitability of their trips as a result of forgoing an estimated \$80,558 in total annual gross revenues.</p> <p>There would also be an estimated gross revenue loss of \$6,081 resulting from prohibiting porbeagle shark landings.</p> <p>The proposed MPAs could displace \$1.06 million in BLL shark landings and result in redistributed fishing effort in less profitable areas.</p> <p>The costs of dealer reporting would increase as a result of increasing the reporting frequency. This includes increased costs associated with acquiring fax or computer equipment and increased labor required for the more frequent reporting.</p> <p>Negative economic costs resulting from the reduced number of sharks that can be legally landed by recreational anglers, particularly pronounced in areas where blacktip sharks are frequently encountered.</p> <p>Tournaments offering prize categories for sharks may also experience negative economic impacts as a result of prohibiting six additional species for retention in recreational fisheries.</p>

Alternatives	Net Economic Benefits	Net Economic Costs
Alternative Suite 3 Limited shark fishery for directed and incidental permit holders (all gears).	<p>There would be unquantified economic benefits to the public associated with reducing the landings and discards of overfished shark species including sandbar, dusky and porbeagle sharks as well as ecological benefits to non-sandbar LCS complex.</p> <p>Potentially longer seasons might improve the efficiency of domestic shark markets.</p>	<p>There would be an estimated reduction of \$2,816,562 in gross revenues from sandbar and non-sandbar LCS resulting from the proposed quota reductions.</p> <p>There would also be an estimated gross revenue loss of \$6,081 resulting from prohibiting porbeagle shark landings.</p> <p>The proposed MPAs could displace \$1.06 million in BLL shark landings and result in redistributed fishing effort in less profitable areas.</p> <p>Negative economic costs resulting from the reduced number of sharks that can be legally landed by recreational anglers, particularly pronounced in areas where blacktip sharks are frequently encountered.</p> <p>Tournaments offering prize categories for sharks may also experience negative economic impacts as a result of allowing fewer species to be retained in recreational fisheries.</p>

Alternatives	Net Economic Benefits	Net Economic Costs
<p><i>Alternative Suite 4 Research set aside allowing small directed LCS fishery (Preferred Alternative).</i></p>	<p>There would be unquantified economic benefits to the public associated with reducing the landings and discards of overfished shark species including sandbar, dusky and porbeagle sharks as well as ecological benefits to non-sandbar LCS complex.</p> <p>Increased incidental retention limits could reduce the inefficiencies associated with discarding incidentally caught sandbar and non-sandbar LCS.</p> <p>Potentially longer seasons might improve the efficiency of domestic shark markets.</p> <p>Potential benefits associated with increased revenues from sandbar sharks for the limited number of vessels participating in the research fishery.</p> <p>In long term, the research fishery could generate benefits if the research helps stock assessments.</p>	<p>There would be an estimated reduction of \$1,831,154 in gross revenues from sandbar and non-sandbar LCS resulting from the proposed quota reductions.</p> <p>There would also be an estimated gross revenue loss of \$6,081 resulting from prohibiting porbeagle shark landings.</p> <p>The proposed MPAs could displace \$1.06 million in BLL shark landings and result in redistributed fishing effort in less profitable areas.</p> <p>Negative economic costs resulting from the reduced number of sharks that can be legally landed by recreational anglers, particularly pronounced in areas where blacktip sharks are frequently encountered.</p> <p>Tournaments offering prize categories for sharks may also experience negative economic impacts as a result of not allowing six additional species to be retained in recreational fisheries.</p> <p>There could also be costs associated with the business disruptions and uncertainty associated with getting in the research fishery in one year and not another.</p>

Alternatives	Net Economic Benefits	Net Economic Costs
Alternative Suite 5 Close Atlantic shark fisheries.	<p>Significant unquantified economic benefits to the public would like be achieved for the LCS, SCS, and pelagic shark complexes.</p> <p>Reduced reporting burden on shark dealers.</p> <p>Potential improvements in shark catch and release recreational fishing.</p>	<p>There would be the loss of annual revenues from fishing for LCS, SCS, and pelagic sharks estimated to be \$3,877,003, \$593,853, and \$117,920, respectively.</p> <p>Increased reporting burden on fishermen reporting discards in the Coastal Fisheries Logbook.</p> <p>Dealers that have handled significant quantities of shark in the past would experience domestic supply issues and likely economic losses. Shark fin dealers, specializing in the purchase of shark fins from Federal and state permitted dealers, would also experience negative social and economic impacts as a result of closing the shark fishery.</p> <p>Negative economic costs resulting from the reduced number of sharks that can be legally landed by recreational anglers, thus potentially decreasing willingness to pay for shark fishing. These impacts would be most pronounced for Charter/Headboat operators whom specialize in landing sharks and operators of shark tournaments that have prize categories for landing sharks. The 79 shark tournaments that have had reward prizes for landing sharks would be negatively impacted as a result of this alternative suite.</p>



## **7.6 Conclusions**

Under E.O. 12866, a regulation is a “significant regulatory action” if it is likely to: (1) have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; and (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the legal mandates, the President’s priorities, or the principles set forth in the Executive Order. The preferred alternatives described in this document do not meet the above criteria. The proposed measures would have an annual effect on the economy less than \$100 million and would not adversely affect the aforementioned parameters. Proposed measures would also not create an inconsistency or interfere with an action taken by another agency. Furthermore, proposed measures would not materially alter the budgetary impact of entitlements, grants, user fees, the President’s priorities, or the principles set forth in E.O. 12866. Therefore, under E.O. 12866, the preferred alternatives described in this document have been determined to be not significant for the purposes of E.O. 12866. A summary of the expected net economic benefits and costs of each alternative, which are based on supporting text in Chapters 4 and 6, can be found in Table 7.1.

